



House of Representatives

General Assembly

File No. 66

February Session, 2002

House Bill No. 5295

House of Representatives, March 19, 2002

The Committee on Public Safety reported through REP. DARGAN of the 115th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING TAX REBATES FOR LICENSEES CONDUCTING JAI ALAI OR DOG RACING EVENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (m) of section 12-575 of the general statutes, as
2 amended by section 87 of public act 01-9 of the June special session, is
3 repealed and the following is substituted in lieu thereof (*Effective upon*
4 *passage*):

5 (m) (1) The executive director shall pay each municipality in which
6 a horse race track is located, one-quarter of one per cent of the total
7 money wagered on horse racing events at such race track, except the
8 executive director shall pay each such municipality having a
9 population in excess of fifty thousand one per cent of the total money
10 wagered at such horse racing events in such municipality. The
11 executive director shall pay each municipality in which a jai alai
12 fronton or dog race track is located one-half of one per cent of the total
13 money wagered on jai alai games or dog racing events at such fronton

14 or dog race track, except the executive director shall pay each such
15 municipality having a population in excess of fifty thousand one per
16 cent of the total money wagered on jai alai games or dog racing events
17 at such fronton or dog race track located in such municipality. The
18 executive director shall pay each municipality in which an off-track
19 betting facility is located one and three-fifths per cent of the total
20 money wagered in such facility less amounts paid as refunds or for
21 cancellations. The executive director shall pay to both the city of New
22 Haven and the town of Windsor Locks an additional one-half of one
23 per cent of the total money wagered less any amount paid as a refund
24 or a cancellation in any facility equipped with screens for simulcasting
25 after October 1, 1997, located within a fifteen mile radius of facilities in
26 New Haven and Windsor Locks. Payment shall be made not less than
27 four times a year and not more than twelve times a year as determined
28 by the executive director, and shall be made from the tax imposed
29 pursuant to subsection (d) of this section for horse racing, subsection
30 (e) of this section for dog racing, subsection (f) of this section for jai alai
31 games and subsection (g) of this section for off-track betting. (2) If, for
32 any calendar year after the surrender of a license to conduct jai alai
33 events by any person or business organization pursuant to subsection
34 (c) of section 12-574c and prior to the opening of any dog race track by
35 such person or business organization, any other person or business
36 organization licensed to conduct jai alai events is authorized to
37 conduct a number of performances greater than the number
38 authorized for such licensee in the previous calendar year, the
39 executive director shall pay the municipality in which the jai alai
40 fronton for which such license was surrendered was located, rather
41 than the municipality in which the jai alai fronton conducting the
42 increased performances is located, one-half of one per cent of the total
43 money wagered on jai alai games for such increased performances at
44 the fronton which conducted the additional performances, except the
45 executive director shall pay each such municipality having a
46 population in excess of fifty thousand one per cent of the total money
47 wagered on jai alai games for such increased performances at such
48 fronton. (3) During any state fiscal year ending on or after June 30,

49 1993, the executive director shall pay each municipality in which a dog
 50 race track was operating prior to July 5, 1991, one per cent of the total
 51 money wagered on dog racing events at such dog race track. (4)
 52 During the state fiscal year ending June 30, 2001, each municipality in
 53 which a dog race track was operating prior to July 5, 1991, shall pay
 54 the Northeast Connecticut Economic Alliance, Inc. two-tenths of one
 55 per cent of the total money wagered on dog racing events at any dog
 56 race track operating prior to July 5, 1991. [(5) In the event a licensee
 57 incurs a loss from the operation of a pari-mutuel facility, as
 58 determined by the executive director, the legislative body of the city or
 59 town in which such facility is located may direct the executive director
 60 to credit or rebate all or a part of the revenue otherwise due to the
 61 municipality back to the facility. In no case shall such credit and such
 62 reimbursement exceed the amount of the licensee's loss, and in no
 63 fiscal year shall these provisions affect the total fees paid to the state by
 64 the authorized operator of the off-track betting system on its off-track
 65 betting activities.] (5) Notwithstanding the provisions of subsections
 66 (e) to (h), inclusive, of this section, in the event a licensee conducting jai
 67 alai or dog racing events incurs a financial loss from the operation of a
 68 jai alai fronton or dog track, as determined by the executive director,
 69 the legislative body of the city or town in which such facility is located
 70 may direct the executive director to rebate to such licensee all or part
 71 of the revenue otherwise due to the municipality from the taxes
 72 imposed under subsections (e) to (g), inclusive, of this section. In no
 73 case shall such rebate exceed the amount of the loss incurred from the
 74 operation of such jai alai fronton or dog track, as determined by the
 75 executive director.

This act shall take effect as follows:	
Section 1	<i>upon passage</i>

PS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Effect	Municipalities	FY 03 \$
Revenue Impact	Bridgeport	See Below
Revenue Impact	Plainfield	See Below

Explanation

Under current, law municipalities hosting pari-mutuel facilities have the option of directing DSR to credit or rebate to the pari-mutuel all or a portion of the pari-mutuel tax and fee otherwise due to the municipality, for years in which the direct of DSR determines that the pari-mutuel licensee has incurred a loss from the on-track betting activities at the facility. This bill expands the revenue base to include revenue and fees generated from off-track betting activities.

The expansion of the revenue base may result in a reduction in the amount of revenue lost by towns electing the credit or rebate option because off-track betting activities are generally more profitable than on-track activities and may partially offset or eliminate any losses from on-track operations.

The bill will only potentially affect the City of Bridgeport or the Town of Plainfield since they are the only two municipalities currently with pari-mutuel facilities. The City of Bridgeport received approximately \$730,000 in payments from betting activities in FY 01 and the Town of Plainfield received approximately \$790,000.

OLR Bill Analysis

HB 5295

***AN ACT CONCERNING TAX REBATES FOR LICENSEES
CONDUCTING JAI ALAI OR DOG RACING EVENTS*****SUMMARY:**

By law, towns with parimutuel facilities (such as dog tracks and jai alai frontons) receive from .25% to 2.1% of the amounts wagered at the facilities, depending on the type of facility, its location, and the town's population. Under current law, the town's legislative body can direct the Special Revenue Division's (DSR) executive director to credit or rebate all or part of the town's revenue from these tax payments to the parimutuel facility, if he determines that the facility's licensee incurred a loss from operating the facility. In practice, DSR applies the law to jai alai fronton and dog track licensees, and the reimbursement is based on taxes from on-track operations at the dog tracks and live games at the fronton. DSR does not apply the law to OTB operations at any of these facilities.

This bill explicitly allows the rebate to be based on all the facilities' operations, including OTB. It conforms the law to practice by limiting eligible facilities to jai alai and dog track facilities and licensees. Current law applies to all parimutuel licensees, including horse track licensees, although there are no horse tracks in the state. (The last fronton in the state closed in December, 2001.)

Under current law, the rebate is based on the taxes paid by the facility that incurred the loss. Under the bill, it appears that the rebate is based on the taxes paid by all OTB, jai alai, and dog racing facilities in the municipality, not just the facility that incurred the loss.

The bill eliminates a provision that specifies that any rebate cannot affect the total fees paid to the state by the authorized OTB system operator (Autotote). The provision appears redundant since the rebate applies to municipal, and not state, revenue.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Public Safety Committee

Joint Favorable Report

Yea 22 Nay 0